(b) if so, the facts in this regard;

(c) the reasons for borrowing such a huge amount of loans in the very beginning of the year;

(d) whether it is also a fact that the economy of the country would also be effected by borrowing this amount from the market; and

(e) if so, Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Government and Reserve Bank of India have announced an indicative Calendar for Issue of Marketable Dated Securities amounting to Rs. 83,000 crore during the first six months of the year 2005-06 based on an estimate of requirement of funds, taking in to account likely expenditure, including repayment of debt and non debt receipts.

(d) and (e) Government is of the view that this borrowing of this amount will not have any adverse consequences for the market. The Calendar is, in any case, subject to variations depending on market conditions and other relevant factors.

Rise in Prices due to VAT

†3456. SHRI JANESHWAR MISHRA:
SHRI PYARELAL KHANDELWAL:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there would be rise in prices as a result of implementation of VAT;

(b) if so, the details thereof;

(c) whether it is also a fact that not only traders but the people at large would also be affected by the same;

(d) if so, whether Government are considering to take any measure to bring consensus among the traders in this regard; and

(e) if so, by when and the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Under the VAT regime, cascading of taxes is eliminated by providing input tax credit leading to

†Original notice of the question was received in Hindi.

less tax burden, which means VAT should not lead to increase in prices. This is also corroborated by the international experience.

(c) to (e) VAT presently being implemented by the States in a State subject. Hence, any decision regarding measures to be taken to bring consensus among the traders is to be taken by the States.

Restructuring of Ailing Co-operatives

3457. DR. T. SUBBARAMI REDDY:
SHRIMATI AMBIKA SONI:
SHRI RAMA MUNI REDDY SIRIGIREDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether he has discussed at length the task force report on restructuring of ailing Co-operatives in India;

(b) if so, whether the task force had observed that any financial restructuring without tracing the root cause of weakness of Co-operatives would not result in a sustained revival of the system;

(c) if so, whether it had recommended number of measures to be taken;

(d) whether he has accepted recommendations of the task force; and

(e) by when, they are likely to be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir.

(c) The Task Force has, *inter-alia*, made the following recommendations:-

(i) Ensuring full voting rights on all users of financial services including depositors;

(ii) Ensuring timely elections and limiting the exercise of powers of the State Governments to supersede Boards;

(iii) Permitting co-operatives registered under parallel acts (in States applicable) to be members of co-operatives registered under the Co-operative Societies Acts and vice versa;

(iv) Bringing co-operative banks on par with commercial banks in terms of prudent financial regulation;